

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-01 PRS-01 USIA-06 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 FEAE-00 SAM-01 /100 W

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R 180825Z DEC 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4302

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USINT BAGHDAD

USMISSION OECD PARIS UNN

USMISSION EC BRUSSELS

C O N F I D E N T I A L KUWAIT 5285

E.O. 11652: GDS

TAGS: EFIN KU

SUBJECT: GULF STATES FINANCIAL COOPERATION AND COORDINATION

1. DURING SEPARATE CALLS DECEMBER 17 BY AMBASSADOR ACCOMPANIED
BY CHIEF ECON SECTION ON UNDERSECRETARY OF FINANCE SHAIKH ALI
KHALIFA AL-SABAH AND DIRECTOR OF INVESTMENTS KHALED ABU
SU'UD (PROTECT BOTH), WE LEARNED THAT THERE HAS BEEN INCREASING
COOPERATION AND COORDINATION IN FINANCE AND INVESTMENT FIELDS
AMONG KUWAIT, SAUDI ARABIA AND OTHER GULF STATES.

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2. ALI KHALIFA EXPRESSED DISAPPOINTMENT AT KUWAIT'S NOT BEING SELECTED TO PARTICIPATE IN CIEC IN PARIS. HE BLAMED KUWAIT FOREIGN MINISTRY FOR DROPPING BALL IN GROUP OF 77. MFA FOR ITS PART SAID IT WAS INFORMED TOO LATE THAT OPEC WOULD NOT SELECT ITS OWN REPRESENTATIVES. ALI KHALIFA ADDED, HOWEVER, THAT KUWAIT MAY HAVE AN OBSERVER WHO WOULD BE PART OF SAUDI DELEGATION. IN ANY CASE, HE SAID, GOK IS AND WILL CONTINUE TO COORDINATE CLOSELY WITH SAG ON CIEC FINANCIAL ISSUES.

3. ABU SU'UD NOTED THAT COOPERATION AND COORDINATION AMONG GULF STATES IS BOTH FORMAL AND INFORMAL. HE CITED NEW GULF INTERNATIONAL BANK IN BAHRAIN WHICH IS OWNED BY SIX GULF STATES INCLUDING SAUDI ARABIA AND WHICH WAS A KUWAITI IDEA ORIGINALLY AS AN EXAMPLE OF FORMAL COOPERATION. IN ADDITION, HOWEVER, THERE ARE DAILY PHONE CALLS AND OTHER COMMUNICATIONS WHERE NOTES ARE COMPARED AND AT TIMES POLICIES ARE COORDINATED.

4. ABU SU'UD OFFERED AS AN EXAMPLE OF LATTER HIS ADVICE TO COLLEAGUES IN NEIGHBORING STATES TO HOLD BACK FROM PURCHASING DAIMLER-BENZ SHARES OFFERED BY DEUTSCHE BANK (FRANKFURT 8331, NOTAL). IN PART ABU SU'UD'S ATTITUDE WAS ONE OF ANGER AFTER DEUTSCHE BANK HAD BOUGHT DAIMLER BENZ SHARES TO PREVENT ARABS FROM BUYING INTO COMPANY FOLLOWING FUROR OVER GOK PURCHASE OF 14 PERCENT PARTICIPATION. IN ADDITION, HOWEVER, WAS PRAGMATIC CALCULATION THAT DEUTSCHE BANK WOULD HAVE TO PLACE SHARES IN MARKET AND AFTER SHARE PRICES DROP, ARAB STATES COULD BUY THEM AT BARGAIN PRICES WITH LESS FUSS.

5. COMMENT: AS ABU DHABI, QATAR AND SAUDI ARABIA BECOME MORE ACTIVE AS INVESTORS IT IS NOT SURPRISING THAT OFFICIALS WOULD WANT TO DISCUSS INDIVIDUAL INVESTMENTS AND OTHER QUESTIONS WITH KUWAITIS WHO HAVE GREATER EXPERIENCE AND, IN A SENSE, ARE "IN THE FAMILY." GOK, FOR ITS PART, IS VERY HAPPY TO HELP AS MUCH AS IT CAN SINCE TO DO SO HELPS IMPLEMENT A MAJOR POLICY---TO SEEK CLOSER COOPERATION AND COORDINATION AMONG GOK, SAG AND OTHER GULF GOVERNMENTS IN FINANCE AND MANY OTHER FIELDS.
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